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NEW APPLICATION

ORIGINAL

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

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Commissioner

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Commissioner

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Commissioner

Arizona Corporation Commission

DOCKETED

MAR 07 2003

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*CH*AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
SEVEN CANYONS WATER COMPANY FOR
AN EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
PROVIDE WATER SERVICE

Docket No. W-03388A-03-

W-03388A-03-0150
SW-03389A-03-0150

IN THE MATTER OF THE APPLICATION OF
SEVEN CANYONS WATER TREATMENT
COMPANY FOR AN EXTENSION OF ITS
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE SEWER SERVICE

Docket No. SW-03389A-03-

APPLICATION

Under Ariz. Rev. Stat. § 40-281, A.A.C. R14-2-402(C), and A.A.C. R14-2-602(C), Seven
Canyons Water Company ("SCWC") and Seven Canyons Water Treatment Company
("SCWTC") hereby submit this application to the Arizona Corporation Commission for the
following:

1. Approval to extend SCWC's service territory under its Certificate of Convenience and Necessity ("CC&N") for water utility service to serve the area set forth on the Legal Description attached as Exhibit 1 (the "Water Extension Area").
2. Approval to extend SCWTC's service territory under its Certificate of Convenience and Necessity for wastewater utility service to serve the area set forth on the Legal Description attached as Exhibit 1 (the "Sewer Extension Area").

SCWC and SCWTC, Arizona public service corporations, hereby apply for an Order
approving an extension of their existing Certificate of Convenience and Necessity ("CC&N") to
include property in the vicinity of its CC&N. In support of this Application, Company states the
following:

1 1. SCWC and SCWTC are Arizona public service corporations engaged in providing
2 water and wastewater utility service for public purposes with portions of Yavapai County,
3 Arizona. SCWC and SCWTC were first granted CC&Ns in Decision No. 60718 (March 23,
4 1998). Currently, SCWC and SCWTC serve one commercial customer.

5 2. The area covered by this Application includes approximately 38 acres known as
6 Sedona at Seven Canyons Unit II, owned and developed by Sedona Development Partners,
7 L.L.C., which has requested and received confirmation that SCWC and SCWTC extend water and
8 wastewater utility service to that property. Copies of those letters are attached hereto as Exhibit
9 2.

10 3. Legal descriptions for all of the areas covered by this Application are attached as
11 Exhibit 1.

12 4. SCWC and SCWTC's management contact and certified operator is Wendy
13 Ferguson, and the joint business address is 735 E. Desert Jewel Dr., Cottonwood, Arizona 86326.
14 Her telephone number is (928) 639-2667.

15 5. SCWC and SCWTC's attorneys are Fennemore Craig, whose address is 3003
16 North Central Avenue, Suite 2600, Phoenix, Arizona 85012-2913. The individual attorney
17 responsible for this application is Timothy Berg. Mr. Berg's telephone number is (602) 916-
18 5421. **All Data Requests or other Requests for Information should be directed to Mr.**
19 **Berg's attention on behalf of SCWC and SCWTC.**

20 6. A Certificate of Good Standing for SCWC and SCWTC is attached hereto as
21 Exhibit 3.

22 7. The newly acquired customers in the areas covered by the application will receive
23 water and sewer service subject to SCWC and SCWTC's current rates and charges for sewer
24 utility service, which were approved in Decision No. 60718 (March 23, 1998).

25 8. A map indicating SCWC and SCWTC's present CC&N and the area requested by
26 this Application is attached hereto as Exhibit 4.

9. Because customers did not receive service until at the beginning of 2003, SCWC and SCWTC's balance sheets and profit and loss information for 2002 is not available.

10. The estimated numbers or customers to be served in each of the first five years of water and wastewater utility service to the areas covered by this Application are as follows:

<u>Residential</u>		<u>Commercial</u>	
1 st Year	0	1 st Year	n/a
2 nd Year	6	2 nd Year	1
3 rd Year	11	3 rd Year	1
4 th Year	16	4 th Year	1
5 th Year	19	5 th Year	1

11. SCWC and SCWTC's estimated annual operating revenue and operating expenses for each of the first five years of operation in the new area covered by this Application are as follows:

For SCWC (water):

<u>Operating Revenue</u>		<u>Operating Expenses</u>	
1 st Year:	0	1 st Year	0
2 nd Year	\$13,306	2 nd Year	\$5,500
3 rd Year	\$16,796	3 rd Year	\$5,500
4 th Year	\$20,336	4 th Year	\$5,500
5 th Year	\$22,410	5 th Year	\$5,500

For SCWTC (wastewater):

<u>Operating Revenue</u>		<u>Operating Expenses</u>	
1 st Year:	0	1 st Year	\$2,200
2 nd Year	\$4,529	2 nd Year	\$2,200
3 rd Year	\$7,519	3 rd Year	\$2,200
4 th Year	\$10,579	4 th Year	\$2,200
5 th Year	\$12,345	5 th Year	\$2,200

12. The utility distribution facilities needed to serve the area covered by this Application will be constructed as needed to provide service to customers. The estimated starting and completion dates for the construction of facilities at Sedona at Seven Canyon, Unit II, is not known at this time.

13. Pursuant to Decision No. 60718, the basic plant for SCWC and SCWTC's original

1 CC&N area was constructed with paid-in capital. The construction of the additional utility
2 facilities needed to serve the areas covered by this Application will be financed in similar fashion,
3 or by advances in aid of construction in accordance with A.A.C. R14-2-406.

4 14. SCWC and SCWTC is in the process of filing an application with Yavapai County
5 to extend its franchise area to include all of the areas subject to this Application. Once submitted,
6 a copy of SCWC and SCWTC's franchise application will be submitted to the Commission.

7 15. SCWC and SCWTC have submitted applications for an Approval to Construct to
8 the Arizona Department of Environmental Quality ("ADEQ") for construction of facilities needed
9 to serve the requested extension area. These documents will be provided to the Commission once
10 received by Applicants.

11 16. Notice of this Application will be given by publication in a newspaper of general
12 circulation as required by the Commission. Proof of publication will be filed with the
13 Commission.

14 17. SCWC and SCWTC maintain that this Application is in the public interest and
15 should be granted. The Companies are in the best position to extend and provide service to
16 Sedona at Seven Canyons, Unit II, and foster orderly growth in the area.

17 18. To the best of their knowledge and belief, SCWC and SCWTC are currently in
18 compliance with all water and sewer regulatory requirements applicable to its provision of water
19 and sewer utility service.

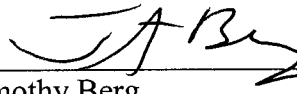
20 WHEREFORE, Company respectfully requests the following:

21 A. That the Commission proceed to consider and act upon this Application as timely
22 as possible and to schedule a hearing, if necessary, on this matter;

23 B. That upon completion of said hearing, if applicable, the Commission enter an
24 Order approving the extension of SCWC and SCWTC's current Certificates of Convenience and
25 Necessity to include the additional geographic areas requested by this Application as shown in
26 Exhibit 1; and

1 C. That the Commission grant such other and further relief as may be appropriate
2 under the circumstances herein.

3 DATED this 17th day of March, 2003.

4 By 
5 Timothy Berg
6 Fennemore Craig, P.C.
7 Attorneys for Arizona-American Water Company
8 3003 North Central Avenue
9 Phoenix, Arizona 85012-2913

9 **ORIGINAL** and 15 copies filed this
10 17th day of March, 2003, with:

11 Docket Control
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15 By: 
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EXHIBIT 1

Legal Description
(Sedona at Seven Canyons, Unit II)

A parcel lying in the Northeast Quarter of Section 27, Township 18 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona and more particularly described as follows:

The East half of the Northeast quarter of the Northwest quarter of the Northeast quarter;

The Northeast quarter of the Southeast quarter of the Northwest quarter of the Northeast quarter;

The Northwest quarter of the Northeast quarter of the Northeast quarter;

The Southwest quarter of the Northeast quarter of the Northeast quarter of the Northeast quarter;

The West half of the Southeast quarter of the Northeast quarter of the Northeast quarter;

The Southeast quarter of the Southeast quarter of the Northeast quarter of the Northeast quarter;

The East half of the Southwest quarter of the Northeast quarter of the Northeast quarter;

Thence Northwest quarter of the Southwest quarter of the Northeast quarter of the Northeast quarter;

The Northeast quarter of the Northeast quarter of the Southeast quarter of the Northeast quarter of said Section 27,

ALSO described as follows:

All that portion of the Northeast quarter of Section 27, Township 18 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

BEGINNING at the Northeast corner of Section 27;

Thence South $88^{\circ}49'40''$ West, 665.78 feet (record 605.84 feet), to a $\frac{3}{4}$ inch iron pipe, the TRUE POINT OF BEGINNING.

Thence South $88^{\circ}50'40''$ West, 998.71 feet (record South $88^{\circ}49'40''$ West, 998.76 feet) to a found $\frac{1}{2}$ inch iron pipe;

Thence South 00°05'44" East, 992.00 feet (record South 00°04'00" East, 992.48 feet) to a found 1/2 inch iron pipe;

Thence North 89°06'18" East, 665.00 feet (record North 89°04'25" East, 665.44 feet) to a found 3/4 inch iron pipe;

Thence South 00°03'38" East, 331.62 feet (record South 00°05'52" East, 331.75 feet) to a found 1/2 inch iron pipe;

Thence North 89°11'07" East, 665.84 feet (record North 89°09'20" East, 665.30 feet) to a found 1/2 inch iron pipe;

Thence South 00°04'37" East, 332.46 feet (record South 00°04'37" East, 332.75 feet) to a found 1 inch iron pipe;

Thence North 89°14'15" East, 332.65 feet (record North 89°14'15" East, 332.58 feet) to a found 1/4 inch iron pipe;

Thence North 00°04'00" West, 666.54 feet (record North 00°04'00" East, 666.42 feet) to a found 1 inch iron pipe;

Thence South 89°04'25" West, 332.94 feet (record South 89°04'25" West, 332.72 feet) to a set 5/8 inch rebar and cap marked LS 7908;

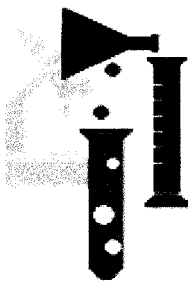
Thence North 00°04'00" West, 666.10 feet (record North 00°04'00" West, 665.50 feet) to a found 1/2 inch iron pipe;

Thence South 88°49'32" West, 332.67 feet (record South 88°54'35" West, 332.86 feet) to a found 1 inch iron pipe;

Thence North 00°02'14" West, 332.00 feet (record North 00°05'15" West, 332.25 feet) to a found 3/4 inch iron pipe, the TRUE POINT OF BEGINNING.

Containing 38.02 Acres, more or less.

EXHIBIT 2



**SEVEN CANYONS WATER
COMPANY AND
SEVEN CANYONS WATER
TREATMENT COMPANY**

January 17, 2003

Sedona Development Partners, LLC
8960 East Raintree Drive, Suite 100
Scottsdale, Arizona 85260
Attn: Michael Grady

Re: Sanitary Sewer Service for The Refuge subdivision at Seven Canyons

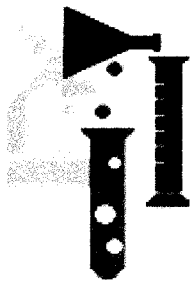
Dear Michael:

Seven Canyons Water Treatment Company, an Arizona corporation ("Company"), will provide sanitary sewer service to the above referenced property located at 3755 Long Canyon Road, Sedona, Arizona 86336-3023 ("Property"). This Company will continue to provide sanitary sewer to the Property provided the facility uses and occupancy load demands are consistent with those on file with the Company on the date hereof.

Please feel free to contact Wendy Ferguson, Seven Canyons Utilities Director, at (928) 639-2667 if we can be of further assistance.

Sincerely,

Wendy Ferguson
Utilities Director,
Seven Canyons Water Treatment Company



**SEVEN CANYONS WATER
COMPANY AND
SEVEN CANYONS WATER
TREATMENT COMPANY**

January 17, 2003

Sedona Development Partners, LLC
8960 East Raintree Drive, Suite 100
Scottsdale, Arizona 85260
Attn: Michael Grady

Re: Water Service for The Refuge subdivision at Seven Canyons

Dear Michael:

Seven Canyons Water Company, an Arizona corporation ("Company"), will provide water service to the above referenced property located at 3755 Long Canyon Road, Sedona, Arizona 86336-3023 ("Property"). This Company will continue to provide potable water to the Property provided the facility uses and occupancy load demands are consistent with those on file with the Company on the date hereof.

Please feel free to contact Wendy Ferguson, Seven Canyons Utilities Director, at (928) 639-2667 if we can be of further assistance.

Sincerely,

Wendy Ferguson
Utilities Director,
Seven Canyons Water Company

EXHIBIT 3

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****SEVEN CANYONS WATER TREATMENT COMPANY*****
a domestic corporation organized under the laws of the State of Arizona,
did incorporate on June 10, 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 7th Day of February, 2003, A. D.




EXECUTIVE SECRETARY

BY: 

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****SEVEN CANYONS WATER COMPANY*****

a domestic corporation organized under the laws of the State of Arizona, did incorporate on June 10, 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

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IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 7th Day of February, 2003, A. D.




EXECUTIVE SECRETARY

BY: 

EXHIBIT 4

COUNTY: Yavapai

Map No. 37

RANGE 5 East

TOWNSHIP 18 North

